

5. 2005 Action Plan

The objectives and strategies described in the preceding section provide the framework for how Massachusetts intends to address the housing and community development needs it has identified over the next five years (2005-2009), and how it prioritized those needs. Each year during this period the state must develop and submit to HUD a detailed one-year action plan that describes the specific activities and goals for each of the four HUD programs covered by the Consolidated Plan.⁹⁷ This section presents the Commonwealth of Massachusetts' FY 2005 Action Plan. It partially fulfills the requirements of Section 91.320 of the Consolidated Plan regulations. *The bulk of the requirements of Section 91.320, however – available resources and program specific requirements – are found in Appendix C (Resources) and Appendix D (Program specific requirements, including the Massachusetts FY 2005 CDBG Action Plan in its entirety).* State required certifications are located in **Appendix E**, and a description of data sources and methodology are included in **Appendix F**.

Overview

Guiding Principles and Objectives

The 2005 One-Year Action Plan is based on the housing and community development goals set forth in the Strategic Plan (Section 4):

1. Develop and maintain an adequate supply of safe, decent housing that is affordable and accessible to residents with a range of income levels and household needs.
2. Expand sustainable homeownership opportunities for low, moderate and middle income families.
3. Reduce chronic and family homelessness by providing a viable continuum of care.
4. Ensure that Massachusetts residents with long-term support needs have access to appropriate services and accessible, community housing options that maximize consumer choice.
5. Enhance the prosperity and economic well-being of all regions of the state, ensuring that economic growth is compatible with community and environment.
6. Ensure full and fair access to housing for all residents

Similarly, the One-Year Action Plan reflects the five fundamental principles articulated in the Five Year Plan:

- Promote fair housing
- Promote sustainable development
- Enhance the capacity of community based organizations and local government
- Remove barriers to affordable housing production

⁹⁷ The five-year Strategic Plan will also be reviewed annually and modified, if necessary, to ensure responsiveness to the identified housing and community development needs.

- Improve the outcomes of government action

FY 2005 Consolidated Plan Funding

Table 5.1 shows the amount of funding the Commonwealth expects to receive for federal fiscal year 2005 from the U.S. Department of Housing and Urban Development. (Note: this same table appears in Section 4, as Table 4.2.)

Table 5.1

FY 2005 Consolidated Plan Funding		
Program	Lead Agency	Allocation
CDBG	DHCD	\$38,578,167
HOME (including FY 2003 and FY 2004 ADDI)	DHCD	\$16,258,655
ESG	DTA (within EOHHS)	\$2,534,851
HOPWA	DPH (within EOHHS)	\$178,000
TOTAL		\$57,549,673
Source: HUD		

The above sums are estimates at this time. In the event that the HUD allocation is different from the amounts noted above, DHCD will modify its allocation plan and provide public notice of any changes. The use of funds from these four sources contributes to a coordinated and comprehensive state response to the listed goals.

Summary of One Year Action Plan and Five Year Goals for Consolidated Plan

The state's one-year Action Plan and Five-Year Goals are presented in **Table 5.2**. (This table was also presented in Section 4, as Table 4.7). It includes only the programs that are funded by the four covered HUD grants and presents the number of households or individuals, or other measurable variables, to be assisted with the amount expected to be available during FY 2005. An estimate of the level of assistance projected for the full five years covered by the Consolidated Plan, assuming level funding, is also included. (Resources are listed more than once if they are being used to meet more than one objective, e.g. CDBG). As mentioned elsewhere in this plan, the Massachusetts Department of Housing and Community Development welcomes the opportunity every five years to re-examine its overall housing and community development goals and objectives, in light of changing needs, resources and priorities.

The Massachusetts Context

Much of the state's subsidized inventory that serves low income households is comprised of state or federally assisted public housing, or privately owned subsidized units built between 1965 and 1980 with federal financial support. With few exceptions, the public resources available today do not provide the deep subsidies required to produce new units at prices low income households can afford. A combination of grants and shallow subsidies is usually required. The development and construction costs in Massachusetts, together with the transaction costs associated with financing affordable housing through assembling multiple subsidy programs, drive up the per unit development cost.

Table 5.2

Massachusetts 2005-2009 Consolidated Plan – 2005 Action Plan

One Year Action Plan and Five Year Objectives						
#	Objectives/Consolidated Plan Resources	FY 2005			FY 2005-2009	
		\$ Committed	Est. # to be Assisted	Target Population	Est. # to be Assisted	\$ Committed
1	Create and preserve adequate supply of decent, safe housing, affordable and accessible for range of incomes and needs					
	CDBG - CDF I and II and Mini-Entitlement*	\$14,721,163	600	Min 51% low income		
	CDBG - HDSP	\$5,000,000	100	Min 51% low income	500	\$25,000,000
	HOME - MF Rental Housing	\$8,000,000	225	100% below 60%, 20% VLI	1,125	\$40,000,000
	HOME - MF Rental Housing/Suburban Rental Pilot Project	\$2,000,000	60	100% below 60%, 20% VLI	300	\$10,000,000
2	Expand sustainable homeownership opportunities for low, moderate and middle income families					
	HOME - Homebuyer Assistance - rehab/new construction for FTHBs	\$4,300,000	78	100% low income	390	\$21,500,000
	HOME - Homebuyer Assistance - down payment and closing cost assistance	\$1,000,000	200	100% low income	1,000	\$5,000,000
	HOME - ADDI	\$681,000	70	100% low income	350	\$3,405,000
3	Reduce chronic and family homelessness by providing viable continuum of care					
	ESG	\$2,534,851	2,500	homeless priority populations	12,500	\$12,674,255
	HOPWA (\$ Counted under Special Needs)			100% low income, 50% ELI	0	\$0
4	Ensure access to appropriate services and accessible community housing options for special needs persons					
	HOPWA - Rental Assistance Programs	\$178,000	NA	100% low income, 50% ELI	NA	\$890,000
5	Enhance prosperity and economic competitiveness of all regions compatible with community and environment					
	CDBG - CDF I and II and Mini-Entitlement*	\$14,721,163	NA	Min 51% low income	NA	\$73,605,815
	CDBG - Mini-Entitlement	\$9,000,000	NA	Min 51% low income	NA	\$45,000,000
	CDBG - Economic Development Fund	\$2,400,000	NA	Min 51% low income	NA	\$12,000,000
6	Ensure full and fair access to housing					

NA = Not Applicable

* Based on FY 2005 requests for funding, it is estimated that the \$20,442,326 CDF I and II funds and the \$9,000,000 Mini-Entitlement funds will be split, roughly 50-50 between housing initiatives in support of Objective #1 and non-housing community development activities in support of Objective #5.

Even with such challenges, however, a substantial number of new units have begun construction during the past two years, and FY 2005 is expected to see more of the same. The number of affordable units qualified for inclusion on the state's subsidized housing inventory (SHI) increased by nearly 10,000 during the past three years and a total of 40 communities surpassed the state's 10

percent goal. The Governor and Legislature have created new financial tools and incentives; refunded earlier commitments; reorganized state government, elevating issues of housing and homelessness and planning, zoning, and land use regulation to new prominence; and exercised leadership in the effort to maintain federal support for rental assistance. The state's capable, established nonprofit and for-profit affordable housing developers continue to produce and preserve affordable units.

In addition to the traditional tools and resources with which they have worked so effectively over the years – tax credits, grants, project-based rent subsidies, favorable financing provided by one of the state's quasi-public entities – new tools and resources (market and zoning incentives, shallow subsidies) are now being employed by municipalities, conventional homebuilders and apartment developers. Production has increased for the past two years across the state. Much of the new production has been permitted under Chapter 40B. The affordable, or restricted, units in these developments are usually priced to be affordable to households in the 70-80 percent of median income range; additional rent subsidies and homebuyer assistance are required to serve lower income populations.

2005 Objectives and Strategies

The strategies in support of the state's housing and community development objectives (presented in Section 4, the Strategic Plan) are also restated here:

Affordable Housing Objectives

Objective #1: Develop and maintain an adequate supply of safe, decent housing that is affordable and accessible to residents with a range of income levels and household needs

Strategies:

- Preserve the physical and financial viability of existing affordable housing
- Maintain a system of public housing and rental assistance that serves those with extremely low incomes, including those with disabilities, the homeless and those at risk of homelessness
- Increase the supply of housing across a range of incomes
- Aggressively implement the Massachusetts Lead Paint Law, targeting high risk communities
- Provide technical assistance and incentives to build and expand the capacity of municipalities and developers, particularly non-profit developers, to increase and expand affordable housing options
- Balance the housing needs of the Commonwealth by encouraging coordination of investment with local and regional needs to promote diversity and housing choice

Objective #2: Expand sustainable homeownership opportunities for low, moderate and middle income families

Strategies:

- Provide homebuyer counseling and education

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- Provide down payment assistance and affordable mortgage programs
- Purchase (and rehabilitate) of existing units for resale to low and moderate income homebuyers
- Increase the supply of housing affordable to a range of incomes
- Provide technical assistance and incentives to build and expand the capacity of municipalities and developers, particularly non-profit developers, to increase and expand affordable housing options
- Assist existing low and moderate income homeowners to make home repairs and/or modifications

Homelessness

Objective #3: Reduce chronic and family homelessness by providing a viable continuum of care, with a long-term goal of ending homelessness.

Strategies:

- Prevent homelessness
- Provide housing first
- Get chronically homeless people into permanent supportive housing as quickly as possible and forgoing the time consuming step by step process of “housing readiness”
- Develop a range of housing options and services for homeless families and individuals
- Continue to provide emergency shelters and transitional housing for the homeless
- Reconfigure existing beds towards transitional and permanent housing options especially for recently released inmates from correctional facilities and those in need of substance abuse treatment.
- Improve access/coordination across mainstream services and benefit sources
- Preserve existing affordable housing (both publicly assisted and private).
- Maintain a system of public housing and rental assistance
- Increase the supply of housing

Special Needs

Objective #4: Ensure that Massachusetts residents with long-term support needs have access to appropriate services and accessible, community housing options

Strategies:

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- Encourage community-based, supportive living options for the disabled
- Provide a range of housing options and services for persons with special needs including physical disabilities
- Preserve existing affordable housing (both publicly assisted and private).
- Maintain a system of public housing and rental assistance
- Increase the supply of housing

Non-housing Community Development

Objective #5: Enhance the prosperity and economic competitiveness of all regions of the state, ensuring that economic growth is compatible with community and environment.

Strategies:

- Support municipalities with planning and technical assistance
- Assist communities with public facilities and infrastructure improvement
- Support local business development and retention strategies
- Assist low- and moderate-income individuals and communities through individual and institutional development

Fair Housing

Objective #6: Ensure full and fair access to housing for all residents

This objective is embedded into all of the state's policies and initiatives, and shall be guided by the Fair Housing Mission Statement and Principles stated in the Strategic Plan.

Financial Resources Available for FY 2005

In addition to the nearly \$58 million that will flow to the state annually through the federal programs covered by this Consolidated Plan, and the \$329 million that comes from other federal sources to support housing and community development activities (60 percent of which goes for federal rental assistance), Massachusetts expects to commit more than \$200 million to support the types of activities outlined in this plan. **Table 5.3** portrays the funding that will be available from all state and federal sources for federal FY 2005.

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Table 5.3

Summary of FY 2005 Funding from All State and Federal Sources

	State - Operating	State - Capital	Federal	State - Trust	Total
ADMINISTRATION					
MAIN ADMINISTRATION - 70040099	7,335,658				7,335,658
INDIAN AFFAIRS - 70040001	94,663				94,663
COMMONWEALTH DEVELOPMENT - 70040000	240,000				240,000
Subtotal:	7,670,321	-	-	-	7,670,321
PUBLIC HOUSING					
AHVP (Alternative Housing Voucher Program) - 70049030	2,300,000				2,300,000
Rental Assistance for Families in Transition (RAFT) - 70049316	2,000,000				2,000,000
C.707 Rental Assistance (DMH & DPH) - 70049033	2,000,000				2,000,000
FEDERAL HOUSING VOUCHER PROGRAM - 70049014			198,000,000		198,000,000
HOUSING CONSUMER EDUCATION CENTERS - 70043036	821,925				821,925
HOUSING SUBSIDIES - 70049005	30,271,292				30,271,292
MCKINNEY SHELTER PLUS CARE - 70049404/9052/9053/9054			1,900,827		1,900,827
PUBLIC HSG MODERNIZATION/RENOVATION - 70047011		52,300,000			52,300,000
MRVP - 70049024	24,283,345				24,283,345
SEC 8 ADMIN FEE HOUSING VOUCHER - 70042363				1,534,796	1,534,796
SEC 8 ADMIN FEE MODERATE REHAB - 70042364				215,823	215,823
SEC 8 ADMIN FEE NEW CONSTRUCTION - 70042365				375,764	375,764
SEC 8 ADMIN FEE SUBSTANTIAL REHAB - 70042361				470,153	470,153
SEC 8 MODERATE REHABILITATION - 70049019			10,000,000		10,000,000
SEC 8 NEW CONSTRUCTION PROGRAM - 70049020			5,800,000		5,800,000
SEC 8 SUBSTANTIAL REHABILITATION - 70040009			6,800,000		6,800,000
SERVICE COORDINATORS PROGRAM - 70044314	490,401				490,401
SHELTER PLUS CARE LOWELL - 70049051			26,000		26,000
Subtotal:	62,166,963	52,300,000	222,526,827	2,596,536	339,590,326
HOUSING DEVELOPMENT					
AFFORDABLE HOUSING TRUST FUND - 70049300		20,000,000		2,000,000	22,000,000
CAPITAL IMPR. & PRES. (CIPF) - 70047015		6,275,000			6,275,000
HOME - 70049028			18,462,518		18,462,518
HOME TECHNICAL ASSISTANCE - 70049039			120,000		120,000
FACILITIES CONSOLIDATION FUND (FCF) - 40008200		7,500,000			7,500,000
HOUSING INNOVATION FUND (HIF) - 70047013		10,000,000			10,000,000
HOUSING STABILIZATION FUND - 70047014		14,850,000			14,850,000
LEAD-BASED PAINT HAZARD CONTROL PROG. - 70040304			1,093,180		1,093,180
LOW INCOME HOUSING TAX CREDIT - 70049315	1,500,000				1,500,000
MHFA 13A - 70049201	5,500,000				5,500,000
TRANSIT NODE		2,000,000			2,000,000
Subtotal:	7,000,000	60,625,000	19,675,698	2,000,000	89,300,698
COMMUNITY SERVICES					
CDAG - 70047012		5,660,194			5,660,194
COMMUNITY SERVICE BLOCK GRANT/CSBG - 70042034			17,007,939		17,007,939
CSBG TRAINING & TECHNICAL ASSISTANCE - 70042035			37,380		37,380
LOW INCOME HOME ENERGY ASST. (LIHEAP) - 70042033			75,118,510		75,118,510
SMALL CITIES BLOCK GRANT-ADMIN (CDBG) - 70043039			2,600,000		2,600,000
SMALL CITIES COMMUNITY DEVELOPMENT (CDBG) - 70043037			46,800,634		46,800,634
URDG - 70049108		4,339,806			4,339,806
WEATHERIZATION ASSISTANCE FOR LOW INCOME - 70042030			6,644,629		6,644,629
Subtotal:	-	10,000,000	148,209,092	-	158,209,092
TOTAL	76,837,284	122,925,000	390,411,617	4,596,536	594,770,437

Source: DHCD

The Commonwealth is one of about two dozen states that regularly appropriates funds to support housing and community development activities. The State Legislature provides financing both through the state's capital and operating budgets. Massachusetts also has an affordable housing trust fund; a low income housing tax credit that piggy-backs onto the federal credits, enabling them to assist more units; and a state historic tax credit, which provides another funding source for affordable housing that is created through adaptive reuse of qualifying structures. The \$11.9 million that Massachusetts has available annually in federal low income housing tax credit allocation, plus the additional \$4 million in state credits, has the potential to generate nearly \$100 million in equity to support the creation or preservation of low income housing.

MassHousing, the state's innovative housing development finance agency, provides funding for a variety of rental housing development, home purchase and home repair programs. Other quasi-public agencies that also fund the production and preservation of low and moderate income housing are MassDevelopment, the Massachusetts Housing Investment Corporation (MHIC), the Massachusetts Housing Partnership Fund (MHP), and the Community Economic Development Assistance Corporation (CEDAC). Each contributes a specialized expertise in equity placement, lending, and/or technical assistance to support the efforts of the state's sophisticated and dedicated network of for-profit and nonprofit affordable housing developers. More than \$700 million will be committed by these agencies in FY 2005 to support these important programs. (These funds are not included in Table 5.3.)

Through years of collaboration with banks, insurance companies and other financial institutions doing business in the state, and bolstered by legislation, Massachusetts has been able to expand the pool of resources available to support affordable housing development and preservation. In addition, most of the state's large cities, and an increasing number of smaller cities and towns, have dedicated resources to the creation or preservation of affordable housing. Among the mechanisms used are municipal funding, inclusionary zoning, contributions, and the Community Preservation Act. Private foundations and nonprofit organizations also provide a significant contribution to housing assistance in Massachusetts. Just in the past two years, a consortium of foundations (Home Funders) has raised nearly \$20 million of very low cost funds to support the creation of housing for extremely low income households as part of its members' commitment to eliminate family homelessness in Massachusetts.

Beyond the provision of funds, the Commonwealth has undertaken a variety of initiatives intended to meet its housing and community development needs, including updating and strengthening its 35-year old affordable housing zoning ordinance, MGL Chapter 40B, enacting smart growth legislation (Chapter 40R), and the provision of a wide range of technical assistance supports and incentives to induce communities to be more supportive of affordable housing opportunities appropriate for individuals and families across a range of age, need and income.

The Role of the Consolidated Plan Resources

Within the strategic framework established to respond to the state's overall housing and community development objectives, the use of HOME, Community Development Block Grant (CDBG), and HOPWA funds responds to the priorities of Massachusetts' communities to meet the needs of preserving existing housing, and expanding the supply of housing. The housing and service requirements of persons with HIV/AIDS are also addressed by the HOPWA program. The Emergency Shelter Grant funding emphasizes the need to prevent homelessness, featuring a "continuum" model to move people beyond shelter and into supportive transitional and permanent housing environments. This approach supports the Commonwealth's plan for this population by combining state and federal resources to respond to the housing and service needs

comprehensively, and promote greater self-sufficiency and economic stability for the homeless and near homeless population. The Consolidated Plan and the FY 2005 Action Plan are consistent with the Commonwealth's Continuum of Care Plan.⁹⁸

CDBG funds are central to the community development priorities identified in this plan. In addition to the broad range of community development projects, the program supports small business development through support of regional, revolving loan funds, and the retention or expansion of existing businesses through the Massachusetts Community Capital Fund. CDBG funds are also used to improve and expand infrastructure capacity in smaller communities throughout the state, and the housing rehabilitation funds are being used in many communities to revitalize older housing in established neighborhoods. HOME funds for rehabilitation also contribute to the neighborhood stabilization priority.

A description of the programmatic initiatives being proposed for FY 2005 with the Consolidated Plan resources is included in this Section. Please see **Appendix D** for program specific requirements for all covered programs. Descriptions of these programs are also included in **Appendix C**.

Consolidated Plan Covered Programs

Community Development Block Grant (CDBG)

Administered by the Department of Housing and Community Development, the Massachusetts Community Development Block Grant program provides federal funds on a competitive basis to municipalities that have populations under 50,000 that are not designated as HUD entitlement areas. Communities may apply for funding for a variety of projects including the rehabilitation/stabilization of housing stock, improvements to aging infrastructure, stabilization of neighborhoods and assistance to small businesses for job creation. The Massachusetts CDBG Program allows communities to undertake the entire range of eligible activities as authorized by Title I of the Housing and Community Development Act of 1974, as amended. This year DHCD is encouraging all applicants to target their resources in a comprehensive, integrated manner consistent with the Commonwealth's sustainable development principles. The Program is divided into four separate components, with each serving a different purpose or level of need. In federal FY 2005, the Massachusetts CDBG Program will receive approximately \$38,578,167 from HUD. Based on past demand, approximately 40 percent of this amount will be allocated to support the rehabilitation of 600 affordable housing units through the Community Development Fund (CDF) and Mini-Entitlement components of the CDBG Program.

- The Community Development Fund (CDF), representing the bulk of the state's CDBG allocation, will be distributed through an annual competitive application process. Access and competitiveness within CDF are affected by an assigned Community Wide Needs score, which is calculated by DHCD for all eligible communities (non-entitlement). CDF supports revitalization efforts and addresses the needs of low and moderate income residents by supporting housing as well as community and economic development activities in Massachusetts cities and towns. The fund is divided into two parts for purposes of allocation: CDF I (\$17,210,000 available) is for communities with high needs as defined by a statistical formula; CDF II (\$5,000,000 available) is for communities with more moderate needs.

⁹⁸ The Commonwealth submits 22 separate Continuum of Care plans. The so-called Balance of State Plan, submitted by the Department of Transitional Assistance within the Executive Office of Health and Human Services, summarized the needs, objectives, priorities, and resources for the entire state.

- Mini-Entitlement Grants are specifically targeted to municipalities that meet five of the six following criteria: (1) Community Wide Needs Score of 19 or higher; rank within the top 30 percent in the state in: (2) population, (3) percentage of low- and moderate-income persons, (4) the number of pre-1939 housing stock, (5) population density; and (6) have a population that is equal to or greater than 51 percent low- and moderate-income persons. Through the Mini-Entitlement program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. The program supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems. In FY 2005, 14 municipalities have been designated as Mini-Entitlements eligible to receive up to \$600,000 each, and 2 additional towns have been designated provisional Mini-Entitlements eligible to receive \$100,000 each for planning activities.
- The Housing Development Support Program (HDSP) component of the state's CDBG program assists with the creation, preservation and improvement of specific affordable housing projects, which principally benefit low- and moderate-income families. Neighborhood stabilization and expanding the supply of affordable housing remain its primary goals. In FY 2005, \$5,000,000 will be available for HDSP, and funds will be distributed on a competitive basis. Eligible activities include: rehabilitation; homeownership; reclamation of abandoned/foreclosed properties; related infrastructure; and conversion of under-utilized and obsolete structures. The grants are designed to facilitate small project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of housing units, which may not be cost-effective under other development assistance programs or with conventional financing. In a smart growth strategy, many municipalities use HDSP to revitalize their downtowns by rehabilitating vacant upper floors of commercial buildings.
- The Economic Development Fund provides a broad range of economic and community development projects, including: assistance to small businesses; loans or grants for working capital, machinery and equipment, or other business improvements; pre-development studies; economic development planning projects; and public facilities, infrastructure, or public services supporting economic development. Eligible uses are planning, construction, rehabilitation, purchase of machinery and capital equipment, working capital, credit refinancing, incumbent workforce training, real estate acquisition, or public services programs. The program has two components:
 - *Grants to Communities* provides grants to communities for a wide variety of small-to-medium sized economic development projects
 - *Loans to Individual Businesses and Other Entities* Provides grants to communities to provide loans to businesses for eligible purposes, including industrial, commercial, real estate and mixed use development projects. In FY 2005, \$2,400,000 will be available for the Economic Development Fund.

Further information regarding the CDBG program may be obtained by calling DHCD, Division of Community Services, at (617) 573-1400.

HOME Investments Partnership Act (HOME)

As HOME's administering agency, DHCD expects to receive an additional allocation of approximately \$16,258,655 in federal FY 2005. Included in the total is \$681,000 of American Dream Downpayment Initiative funding. DHCD will administer two of the four HOME program types: multi-family rental loans and first-time homebuyer assistance. The agency will continue to

award its rental funds through a competitive RFR process, with the exception of the Suburban Rental Development Pilot Production Program. DHCD will award its project-based homeownership funds on a rolling basis and its down payment and closing cost assistance through a competitive process. Municipalities, non-profit agencies (including Community Housing Development Organizations (CHDO) as defined by HUD), and for-profit developers may be eligible applicants for HOME funds. A minimum of 15% of the federal FY 2005 allocation will be reserved for CHDOs serving as owners, sponsors, or developers of rental production projects or project-based first-time homebuyer projects. The Director of DHCD reserves the right to consider geographic distribution in making funding decisions for the 15% CHDO set-aside. DHCD will continue its practice of encouraging CHDOs to participate in the HOME program.

- Multi-Family Rental Housing Loans DHCD expects to commit approximately \$10 million to rehabilitate or newly construct a minimum of 250 HOME-assisted housing units. Typically, DHCD awards up to \$50,000 per unit in HOME assistance to projects located in HOME entitlement or consortium communities. In non-entitlement or consortium communities, DHCD awards up to \$65,000 per unit. Typically, a maximum of \$750,000 is awarded to a project.

DHCD intends to make up to \$2 million of the \$10 million of HOME funding on a rolling basis to assist suburban cities and towns in facilitating the new production of affordable rental properties through the *Suburban Rental Development Pilot Production Program*. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

- Homebuyer Assistance DHCD expects to award approximately \$4.5 million dollars in project based homebuyer funds to rehabilitate and resell 80 single-family homes to eligible first-time homebuyers through this program. Typically, a maximum of \$750,000 is awarded to a project. DHCD is now reviewing applications on a rolling review basis. DHCD has committed to provide developers with an early read on their projects while still in the conceptual stage. Afterward, the developers prepare detailed plans, obtain all needed approvals and other financing before submitting a complete application to DHCD for funding. This process eliminates the timing problem that our developers faced when we were only open twice a year. The rolling application process has led to the submission of more fully developed proposals.
- American Dream Downpayment Initiative (ADDI) DHCD also expects to award approximately \$681,000 of ADDI funds, which will provide down payment/closing costs assistance to 95 eligible buyers. Typically, a maximum of \$10,000 is awarded to eligible applicants. The American Dream Downpayment Initiative (ADDI) is a new program funded through the HOME program to assist income-eligible households to purchase their first home. Non-profit organizations, municipalities or municipalities in partnership with non-profit developers are eligible to apply for HOME ADDI downpayment and closing costs assistance funds. *HOME participating jurisdictions and Consortium communities are not eligible to apply for HOME ADDI funding.*

Loans to homebuyers will be structured as deferred payment 0 percent interest, for 5 years during which time the property must remain the buyer's primary place of residence. In the event that a buyer desires to sell the property prior to the end of the five-year term, the full amount of the loan must be repaid to DHCD. DHCD makes HOME ADDI funds are awarded through a Notice of Funding Availability process.

Emergency Shelter Grants (ESG)

The ESG Program funds basic shelter and essential supportive services for homeless individuals and families. It can assist with the cost of operating shelters, fund essential services or provide homelessness prevention assistance. In FY 2004 Emergency Shelter Grant funding included allocations for operations (37.03%), essential services (38.75%), and homeless prevention (18.81%). Agencies receiving funding for these purposes included the state's Department of Mental Health, the Department of Mental Retardation, Department of Public Health, Department of Social Services, Department of Transitional Assistance, Department of Veterans' Services, and the Massachusetts Rehabilitation Commission. Funds were distributed to 49 non-profit providers statewide. Funds supported emergency shelter, case management for homeless families and individuals, tenancy preservation programs, substance abuse counseling, housing search, job training, AIDS programs, and services to homeless ex-offenders, battered women and veterans. Approximately 2,500 individuals and families were served.

The Commonwealth of Massachusetts has designated the Department of Transitional Assistance to manage the distribution of federal ESG funds to assist homeless programs and communities across the Commonwealth. In FY 2004, \$2,184,000 was made available to provide emergency shelter, case management support for homeless families and individuals, tenancy preservation programs, substance abuse counseling, housing search, job training, and services to homeless ex-offenders, battered women and veterans. An allocation of \$2,521,345 was awarded in FY 2005. Approximately 2,500 individuals and families were served in 2004 and with the increased allocation in FY 2005, more winter bed funding will be available. (Details are provided in **Appendix D.**)

For more information about ESG-supported programs, please contact the Department of Transitional Assistance at (617) 348-5627.

Housing Opportunities for Persons With AIDS (HOPWA) Program

The Commonwealth's Department of Public Health (DPH) AIDS Bureau had been supporting two rental assistance and two supportive housing programs with \$525,000 in HOPWA funding in FY 2004. With reduced funding of just \$178,000 in FY 2005, however, the agency will scale back its HOPWA funded programs. Barnstable County will be the target of a small rental assistance program, and technical assistance will be provided by an agency funded with the HOPWA award to AIDS service organizations (ASOs) and housing providers in the "Balance of State" region.

Funding levels and priorities are reviewed on a regular basis and are subject to change based on federal award amounts and programmatic priorities. When changing circumstances require a reduction in funding or funded programs, as is the case this year, decisions are made based on established procedures and in consultation with the Statewide HOPWA Advisory Committee (SHAC). Final decisions are made by the AIDS Bureau based on the availability of all funding sources and the configuration of services throughout the state.

Additional information about the state's use of its HOPWA funds can be obtained by calling the HIV/AIDS Bureau of the Massachusetts Department of Public Health at (617) 624-5300.

Geographic Distribution of Funds for Covered Programs

All funds except CDBG resources, which are available only to HUD non-entitlement communities, are proposed to be available statewide.

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The HUD entitlement communities in Massachusetts are:

Arlington	Fitchburg	Malden	Somerville
Attleboro	Framingham	Medford	Springfield
Barnstable	Gloucester	New Bedford	Taunton
Boston	Haverhill	Newton	Waltham
Brockton	Holyoke	Northampton	Westfield
Brookline	Lawrence	Pittsfield	Weymouth
Cambridge	Leominster	Plymouth	Worcester
Chicopee	Lowell	Quincy	Yarmouth
Fall River	Lynn	Salem	

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD will competitively award HOME funds for first-time homebuyer and rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds. ESG seeks to provide funds in non-entitlement areas; program guidelines set specific conditions regarding circumstances when requests from entitlement communities for state ESG funds would be considered. The HOPWA allocation plan is as presented in the state HOPWA application submitted in the fall of 1994; however, adjustments are, of necessity, made to reflect the resources available

Additional 2005 Resources, Initiatives and Expected Level of Activity

Dozens of programs and activities are carried out under the FY 2005 action plan in support of the state's six broad housing and community development objectives. Other than the four Consolidated Plan covered programs, they are not described in detail here. They are briefly described in **Appendix C**. Detailed program criteria and guidelines are available in DHCD's Program Book, available on line at www.mass.gov/dhcd/progbook, or from the administering agency, if not DHCD. The 2005 Action Plan is summarized in matrix form in **Table 5.4**, which illustrates the resources the Commonwealth will marshal to create and maintain an adequate supply of housing; to expand homeownership; reduce homelessness; ensure that persons with special needs have access to appropriate services and accessible housing for persons with special needs; and to enhance the prosperity and economic competitiveness of all regions, compatible with community and environment.

New Rental Production

The state employs a variety of tools and multiple delivery channels to produce new rental housing that is affordable to low income families. MassHousing projects that it will provide financing for 866 new rental units in FY 2005, totaling approximately \$105.3 million. Forty-six percent of these units will serve low income house-holds, the balance will be market rate. Similarly MassDevelopment finances new, mixed income rental units. Both agencies have impressive "smart growth" portfolios of quality housing created through the adaptive reuse of mills, industrial buildings, schools, hospitals, military bases, etc.

Massachusetts HOME funds, a Consolidated Plan program, and the CDBG-funded Housing Development Support Program (HDSP) are important components of the state's affordable rental housing production strategy. HOME funds have been widely used to produce units for very low income households in new mixed income rental developments. With \$8.5 million earmarked for this program in 2005, it is estimated that 170 new units will be produced. HDSP grants are designed to facilitate small project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of housing units, which may not be cost-effective under

other development assistance programs or with conventional financing. In a smart growth strategy, many municipalities use HDSP to revitalize their downtowns by rehabilitating vacant upper floors of commercial buildings. HDSP is funded at \$5,000,000 for FY 2005, with the expectation that up to 100 units could be funded. (Refer to **Appendix D** for HOME and HDSP program specifics.)

One of the state's newest initiatives designed to create new rental housing for extremely low income families is the Home Funders program, funded by more than \$20 million in grants and program related investments by some of Massachusetts' leading philanthropies. Home Funders channels its funds through established intermediaries, CEDAC and the Massachusetts Housing Partnership. MHP and CEDAC have made commitments to fund 400 new units, most of which are expected to break ground in federal FY 2005, one third of which will be reserved for extremely low income families.

The Low Income Housing Tax Credit Program, under which investors receive a stream of credits against their federal taxes in exchange for providing funds for low income housing, supports both new construction and the acquisition/preservation/substantial rehabilitation of low-income housing, as well as special needs housing. At least 20 percent of the units must be reserved for and made affordable to persons with incomes 50 percent or less than the area median income *or* at least 40 percent of the units must be made affordable for persons with incomes 60 percent or less than the area median income. DHCD expects to create or preserve 1,200 units of housing with tax credits allocated in calendar year 2005. DHCD has identified tax credit priorities in harmony with the housing priorities identified in the 2005 Consolidated Plan. (The 2005 Qualified Allocation Plan is incorporated by reference into this plan.)

New Homeownership Production

Much of the gain in production of new housing for ownership by low and moderate income families has been permitted under MGL Chapter 40B. Nearly 5,000 housing starts permitted in 2004 were attributable to Chapter 40B, representing roughly a quarter of the year's total new units. Key homeownership programs include MassHousing's Housing Starts, the Federal Home Loan Bank's New England Fund and the Affordable Housing Trust Fund.

Preserving Privately-Owned Subsidized Rental Housing

MassHousing will provide over \$130 million in FY 2005 to preserve an estimated 2,200 rental units in existing subsidized housing developments. The agency offers various refinancing programs that maintain and extend affordability in existing properties and address the capital needs of what are now aging buildings. Through its Section 202 Refinancing Program, it funds needed repairs and supportive services for an aging-in-place population. MassDevelopment will also preserve existing subsidized units in FY 2005.

Also during FY 2005, MassHousing will complete the final property disposition in the massive Demonstration Disposition program, under which 1,850 rental units in 11 federally subsidized rental housing developments in Boston's Dorchester, Roxbury, and South End neighborhoods have been renovated and/or rebuilt.

Playing key supporting roles in these efforts to preserve and expand the Commonwealth's supply of affordable housing by providing technical assistance, bridge loans and other types of support are the state's quasi-public agencies, CEDAC, MHIC and MHP.

Maintaining and Preserving Existing Privately-Owned Housing

Because of the age of its housing stock, the severity of its winters, the high percentage of elderly homeowners, and the substantial number of homeowners outside the urban areas who rely on septic systems for wastewater treatment, the Commonwealth invests heavily in home repairs, improvement and maintenance. The Community Development Fund, a component of the Massachusetts CDBG program are a major resource for low and moderate income homeowners who need to repair their homes. DHCD estimates that about 600 units will be repaired or rehabbed in 2005. MassHousing is another source of funding for home repairs. The agency administers a variety of second mortgage products that enable low-and moderate-income homeowners to make needed repairs (e.g., de-leading and lead paint abatement; repairs to and replacement of septic systems; retrofitting of properties to make them accessible to family members with a physical disability). It expects to originate 385 loans in FY 2005, for a total of approximately \$7.5 million.

Using federal Department of Energy (DOE) funds, DHCD expects to serve more than 10,000 households with \$12.5 million in loans for weatherization improvements and emergency heating-related repairs. In addition, an estimated \$70 million of DOE resources will be available on FY 2005 to help more than 140,000 low income households meet the high cost of home heating.

Funding specifically for lead paint abatement initiatives totals approximately \$6.3 million from a variety of sources, including federal grants under the Lead-based Paint Hazard Control Program, MassHousing's Get the Lead Out Program, CDBG and HOME housing rehabilitation funds, and state bond proceeds to de-lead state-funded public housing units.

Maintaining and Improving Public Housing

DHCD will spend approximately \$51.8 million in FY 2005 on about 400 capital improvement projects directly related to maintaining the health and safety of residents, modernizing and preserving the state's portfolio of affordable, public housing. In addition, DHCD will also allocate \$.5 million for new construction activities.

DHCD will continue to oversee 242 housing authorities operating approximately 50,000 units of state-aided public housing in Massachusetts. The Commonwealth subsidizes local housing authorities whose revenues are insufficient to pay operating expenses for their state portfolios, with administration and oversight provided by DHCD. In state FY 2005, \$30.2 million was appropriated for these subsidies.

Providing Rental Assistance

Massachusetts operates several rental assistance programs. The four largest are: the federally funded Section 8 Program (the tenant-based portion of which is called the Housing Choice Voucher Program (HCVP), the state funded Massachusetts Rental Voucher Program (MRVP), the state funded Alternative Housing Voucher Program (AHVP), and a special set aside funded through the Massachusetts Department of Mental Health (DMH) for its clients. The federal government provides funding for more than 125,000 households under several Section 8 programs, with the bulk of these funds (\$198,000,000 in FY 2005) provided under the Section 8 Housing Choice Voucher Program administered statewide by DHCD and 8 regional non-profit organizations. An additional \$22,600,000 represents rental assistance tied to specific projects under the Section 8 New Construction, Moderate and Substantial Rehabilitation Programs. The state will spend \$31 million in FY 2005 to subsidize the rent of more than 7,000 households.

Rental assistance programs are administered by 125 public housing agencies and 8 regional nonprofit organizations. More than 70,000 households are assisted through the various tenant based programs, and nearly as many receive project based assistance. Rental assistance programs

provide a crucial housing resource for families with children, who comprise 57 percent of Massachusetts voucher holders and 43 percent of Section 8 voucher holders. In addition, approximately 130 local housing authorities also administer the Section 8 Housing Choice Voucher Program with federal funds that are allocated directly to them. Their funding is not included in this total.

Expanding Homeownership

MassHousing's home ownership programs serve more than 1,000 low-and moderate-income first-time homebuyers annually in Massachusetts. Funded from the proceeds of Mortgage Revenue Bonds (MRBs) and other capital sources, the agency provides prospective homebuyers below-market rate mortgage loans, with flexible underwriting standards, and little or no money down. Loans are originated through a network of banks and mortgage companies throughout the Commonwealth. FY 2005 production is expected to be funded at \$200 million, producing an estimated 1,300 units.

The DHCD/Massachusetts Housing Partnership Fund (MHP) Soft Second Loan Program also helps eligible low and moderate income buyers purchase their first homes. Buyers obtain a bank mortgage for 75% of the purchase price and the Soft Second program provides a second mortgage – the interest on which may be subsidized for 10 years – for 20% of the price. The interest on the second mortgage may be subsidized for 10 years. The public investment is secured by the junior mortgage repayable at the time of resale or refinancing. During FY 2005, DHCD and MHP expect to invest \$4 million in state funds to support approximately 1,000 homebuyers with Soft Second loans (from the Housing Stabilization Fund).

Addressing Homelessness and Housing for Special Needs Populations

The Commonwealth's primary aim with regard to homeless and special needs populations continues to be ensuring that a network of services leading to greater self-sufficiency and a continuum of housing opportunities are in place for those presently homeless or at risk of becoming homeless. Shelters are the initial focus for accessing these services and identifying more stable housing options. EOHHS and its agencies continue to support the reconfiguration of shelter models to transitional and permanent housing options for families and individuals.

The strategy for serving special populations involves both rental assistance, production – including production of service-enriched housing – and initiatives to ensure that more units within the existing inventory are available and suitable for these consumers. MassHousing and MassDevelopment both finance assisted living facilities to serve the state's growing low-income, frail elderly population. MassHousing expects to fund approximately 66 new units during FY 2005 for \$3.9 million. Based on prior year's activity, MassDevelopment expects to fund an additional 100 units.

DHCD and the state agencies serving elderly and disabled clients (the Departments of Elder Affairs, Mental Health, and Mental Retardation) work closely with local housing authorities and service providers to effect an integrated team approach to housing and services. Notable examples include the Supportive Senior Housing Initiative and the re-engineering of Chapter 689 and 167 housing.

In addition, two federal programs, Section 202 and Section 811, provide funding for the production of new elderly and special needs housing. Funds for these programs are awarded directly to project sponsors on the basis of a competition for a regional allocation of funds. In recent years, 5-6 projects have been awarded funds under these programs, enabling them to create,

on average 170 new units per year. DHCD expects this level of production to continue during 2005.

Elderly Assistance

Massachusetts has made additional efforts to provide income supports and other assistance to ease the burdens for those living below or close to the poverty line. Special attention has been brought recently to the needs and priorities of low-income elders. The Executive Office of Elder Affairs estimates that 13.7% of the state's population is now above 65; this percentage is expected to stay steady through 2010. Slight growth through 2010 is expected in the population above 85, currently estimated at 2.1%, with a projection to 2.4% by 2010.

Recent initiatives include:

- "Circuit breaker" property tax credit on the state income tax for those above 65 (individual income limit - \$40,000; husband and wife income limit - \$60,000) with property valuations at or below \$400,000. The credit is determined by determining the amount by which the taxpayer's property taxes, together with the eligible amount of that taxpayer's water and sewer charges, exceed ten percent (10%) of the taxpayer's income. The maximum credit available is \$750.
- An expanded pharmacy assistance program offers aid to both elders and those with disabilities. This program fills the gap when prescription benefits under private insurance, including HMOs, are exhausted. The program provides unlimited coverage, with a \$3.00 co-payment for generic drugs, insulin, and disposable syringes, and a \$10.00 co-payment for brand name drugs. This program is scheduled to expire at the end of this calendar year, and be replaced with one or more the proposals discussed briefly below.
- Massachusetts is actively exploring options for purchasing consortiums that may also aid in lowering prescription costs.
- A new pharmacy program is under serious consideration in the state legislature to provide insurance for "catastrophic" pharmacy costs; this proposed program would be available to all who need it, regardless of income, after private insurance and an individual's yearly contribution limit (not yet defined) has been reached. An initial cost estimate for the program is \$72 million/year.
- Reforms in the private insurance market for prescription drug coverage are also being examined, given the high cost of "medigap" policies, and the inability of low-income seniors to continue to afford such programs.

Supporting Community Development

The CDBG Action Plan, available in its entirety in **Appendix D**, describes the state's largest resource for Community Development activities. In addition, DHCD administers the Massachusetts Downtown Initiative and Community Development Action grants described in **Appendix D**, and delivers a wide variety of technical assistance planning support on Community Development and housing topics.

Massachusetts 2005-2009 Consolidated Plan – 2005 Action Plan

Table 5.4

Summary of Projected FY 2005 Housing and Community Development Resources and Activities

Funding Source	Notes	Use	Object-ive(s)	Expected Level of Funding	Expected Level of Activity	Target Population
Federal Con Plan						
CDBG	1			\$40,900,000		
Community Development Fund		housing rehab, CD activities	1, 5	\$22,210,000	600 units rehabbed	Min 51% low income
Mini-Entitlement		housing, CD	1, 5	\$9,000,000		Min 51% low income
Housing Development Support Program		housing rehab, mixed use	1	\$5,000,000		Min 51% low income
Economic Development Fund		support business development	5	\$2,400,000		Min 51% low income
Bridge Financing and Section 108 Loan Guarantee Program	2		5			Min 51% low income
ESG		shelter operations, services	3	\$2,534,851	2,500 persons	100% low income, 50%ELI, homeless fams & individuals
HOPWA	3		4	\$178,000		100% low income, 50% ELI
HOME						100% low income, 50% ELI
HOME Multi-family Rental Housing		Rental Production	1	\$8,000,000	225 units	100% below 60%, 50% ELI
HOME Multi-family Rental Housing Suburban Initiative		Rental Production	1	\$2,000,000	60 units	100% below 60%, 50% ELI
HOME Homebuyer Assistance - rehab/new construction for FTHB		Rehab/new construction for homeownership	2	\$4,300,000	78 units	100% low income, 50% ELI
HOME Homebuyer Assistance - dp and closing costs		Homebuyer assistance	2	\$1,000,000	200 units	100% low income, 50% ELI
HOME - ADDI		Homebuyer assistance	2	\$681,000	70 units	100% low income, 50% ELI
Other Federal Resources						
CSBG			3, 5	\$15,924,164 (under continuing resolution)	25 grants	Comm. Action Agencies
Department of Energy						
LIHEAP		Fuel Assistance	1	\$74,295,000 (under continuing resolution)	140,958 households	Low income households
HEARTWAP		Emergency heating repairs	2	\$6,000,000 (under continuing resolution)	8,000 households	Low income households

Table 5.4

Summary of Projected FY 2005 Housing and Community Development Resources and Activities

Funding Source	Notes	Use	Objective(s)	Expected Level of Funding	Expected Level of Activity	Target Population
WAP		Weatherization repairs/improvements	2	\$6,577,376	2,703 households	Low income households
Federal Home Loan Bank of Boston						
Affordable Housing Program		Gap financing, usually	1, 2	\$3,000,000	12 projects (estimated 400 units, 7 % low/mod)	Low/mod households
New England Fund	5	Rental, ownership Production	1, 2	\$100,000,000	30 projects (estimated 600 units for low/mod income, total production 2,100 units)	25 % ow/mod households
HUD Demo/Dispo			1	Last round funded in FY 2004	1850 Units	Low/mod households
McKinney Act Programs	4		3			
Transitional Housing			3		40 units	Public housing
Shelter +Care			3		192 units	Homeless, disabled
Dual Diagnosis			3, 4		60 persons	Homeless, disabled
Section 8 Rental Assistance Administered by DHCD	7	Rental Assistance		\$192,000,000	18,473 units administered by DHCD	extremely/low income households
Section 8 Rental Assistance Special Voucher Programs	8	Rental Assistance	1, 3, 4	Included in total above	Includes 2,893 units broken out as follows	various special needs
FUP		Rental Assistance			693	DSS involved families in process of re-uniting
VASH		Rental Assistance			62	Disabled veterans
TBRA/AIDS		Rental Assistance			229	Persons disabled with HIV/AIDS
HOP		Rental Assistance			345	Homeless persons with disabilities
DSG		Rental Assistance			600	Disabled, non-elderly individuals eligible for 0 or 1BR unit
MS		Rental Assistance			275	Disabled households
DMRVP		Rental Assistance			144	DMR Clients
DMHVP		Rental Assistance			118	DMH clients

Table 5.4

Summary of Projected FY 2005 Housing and Community Development Resources and Activities

Funding Source	Notes	Use	Objective(s)	Expected Level of Funding	Expected Level of Activity	Target Population
ILP		Rental Assistance			130	Persons with disabilities receiving services from MRC
PBRA/AIDS		Rental Assistance			297	Persons living with HIV/AIDS
Section 8 Moderate Rehab		Rental Assistance			1,194 vouchers	extremely/low income households
McKinney Shelter Plus Care		Rental Assistance	3		436	Homeless Disabled
Section 811		Sp Needs Rental Production	4	\$6,000,000	48	Persons with AIDS
Section 202		Elderly Rental Production	4	\$16,200,000	120	Low income elderly
USDA Rural Development						
Section 502 Single Family Housing - Direct Loans		Homeownership	2	\$8,400,000	80+ units	Subsidized mortgages for low and VLI households in rural areas
Section 502 Single Family Housing - Guaranteed Loans		Homeownership	2	\$3,000,000	20+ units	Mortgages Guaranteed thru Conventional lenders income households in rural areas
Section 504 SFH Repair Loans and Grants		Home Repair	2	\$425,000	80+ units	1% Loans/Grants for VLI Elderly households in rural areas
Section 533 Repair Grants		Home Repair	2	\$80,000	2 Grants	Grants for Non-Profits for rehabilitation programs in rural areas
Section 515 MultiFamily Housing		Rental Housing	1	\$800,000	3 - 4 loans	Subsidized loans for MFH Rehabilitation (existing)
Section 515 MultiFamily Housing Rental Assistance		Rental Assistance	1	\$1+ million renewed annually	2,364 total units with 1,526 receiving rental assistance	Rental Assistance for agency financed units in rural areas
Section 538 MultiFamily Housing		Rental Housing	1	\$100 million available nationwide		MFH Loans Guaranteed thru Conventional Lenders, rural areas
State Resources						
CEDAC						
Pre-development		Technical assistance to create/preserve affordable housing	1	\$7,500,000	80 loans	

Table 5.4

Summary of Projected FY 2005 Housing and Community Development Resources and Activities

Funding Source	Notes	Use	Objective(s)	Expected Level of Funding	Expected Level of Activity	Target Population
Acquisition Loan Program			1	\$7,000,000	12 loans	
DEP (State Revolving Loan Funds)						
Clean Water SRF		Infrastructure	5	\$300-350 million (covers both "new" and "ongoing")	40-50 new projects	municipalities and wastewater districts
Drinking Water SRF		Infrastructure	5	\$100,000,000	20-30 new projects	public water suppliers
DHCD						
Affordable Housing Trust Fund			1, 2, 3, 4	\$20,000,000		
Alternative Housing Voucher Program		Rental Assistance	4	\$2,300,000	350 vouchers	Low income, disabled
Capital Improvement Preservation Fund		Preservation of expiring use rental properties	1	\$4,750,000		Low income
Facilities Consolidation Fund		Production/acquisition of special needs housing	4	\$7,500,000		DMH/DMR clients
Housing Innovations Fund		Production/acquisition of special needs housing	3, 4	\$10,000,000		Very low income persons
Housing Stabilization Fund		Rental and homeownership production/preservation	1, 2	\$12,850,000		Low/mod households
Local Initiative Program		New production, homeownership and rental	1, 2	Technical assistance	400 units	Low/mod households
MRVP		Rental Assistance	1	\$24,283,345	7,400 vouchers	Low/mod households
13A		Interest subsidy on existing rental units	1	\$6,472,904	6,873 units	Moderate, rental
Public Housing - Admin.		Public Housing Operations	1	\$30,271,292	50,000 units	Very low income households
Public Housing - Mod		Public Housing Improvements, Upgrades	1	\$52,300,000		Very low income households
DMH						
Housing			4	\$244,700,000 (see note below)	7651 individuals	DMH clients
DMR Residential Services			4		9,000 individuals	DMR Clients
DMRVP		Rental assistance	4		144 vouchers	DMR Clients
DSS						

Table 5.4

Summary of Projected FY 2005 Housing and Community Development Resources and Activities

Funding Source	Notes	Use	Object-ive(s)	Expected Level of Funding	Expected Level of Activity	Target Population
Domestic violence			4	\$13,324,454	800 beds	Victims of Domestic Violence & their children
SSTAP I & II			4	\$568,199	75 apartments	
DTA						
Emergency Assistance Family Shelter			3	\$6,227,558	1,182 family shelter units	Homeless Families
Individual Homeless Shelter			3		2,829 shelter beds	Homeless Individuals
DVS						
Northampton VAMC			3	\$200,000 to fund 120 beds at Northampton VAMC (included in total)	120 beds	
Shelters			3		250 beds	Homeless Veterans
Transitional Housing			3		436 SRO rooms (120 are new)	Homeless Veterans
Permanent Housing			3		185 rooms or units	Homeless Veterans
Mass Development			1, 4, 5			
MassHousing						
Elder Choice		Production of assisted living facilities	4	\$3,900,000	66 Units	Low income, frail elderly
Portfolio Management		Preservation of Rental Hsg	1	--	99,238 Units	65% low; 15% mod; 20% market
Housing Starts		Production of owner occupied housing	2		600 affordable units (2,400 total)	
Multifamily Production		Production of rental housing	1, 2, 3, 4	\$105,300,000	866 Units	46% Low; 54% Market
Multifamily Preservation (refinancing)		Preservation of Rental Hsg	1, 2, 3, 4	\$188,700,000	2706 Units	65% low; 15% mod; 20% market
202 Refinancings?		Preservation of elderlyrental hsg	1, 4	\$59,000,000	968 Units	100% Affordable
First Time Homebuyer Mortgage Products		Homeownership	2	\$202,500,000	1150 Loans	80% of loans @ 80% of AMI and below; 20% between 80% and 110% of AMI
Municipal Mortgage & Take the T Home		Homeownership	2	\$30,000,000	150 Loans (100 Municipal Mortgage/50 Take the T)	Same as "Homebuyers" above for buyers with less than 20% down
Home Improvement: lead abatement, septic repair/ replacement, accessibility		Home repairs including lead paint abatement	2	\$7,500,000	385 Loans	100% of AMI and below
MHIC						

Table 5.4

Summary of Projected FY 2005 Housing and Community Development Resources and Activities

Funding Source	Notes	Use	Object-ive(s)	Expected Level of Funding	Expected Level of Activity	Target Population
MHIC, LLC			1, 2, 3, 4	\$40,000,000	600 units	
MHIC Equity Program			1, 2, 3, 4	\$50,000,000	700 units	
MHP						
Permanent Financing		Rental preservation/production	1, 2, 3, 4	\$55,000,000	1,000	Low/mod households
Technical Assistance			1, 2, 3, 4	\$250,000	15 communities	Municipalities
Ch. 40B Tech. Assist.			1, 2	\$195,000	25 proposals	Municipalities
Local Housing Partnership Support			1, 2, 5	\$10,000	6-8 trainings	Local Housing Partnerships
Soft Second Loan		Homeownership	2	\$6,200,000	1,000 households	Low/mod income FTHBs
MRC		Home modifications	1, 4		85 loans	Individuals/families with disabilities
Other Resources						
Home Funders						
Permanent Financing		Rental production	1, 3	\$\$ included in overall MHP levels of funding	Counted in MHP estimate; HF resources increases # of ELI units created	100% low income, 25% ELI
Predevelopment and Acquisition Loans-CEDAC		Rental production	1, 3	\$\$ included in overall CEDAC levels of funding	"	100% low income, 25% ELI

1. Non-housing CDBG activity not included
2. Not a cash allocation
3. Reduced from \$525,000 in FY 2004
4. Excluding ESG, counted separately as Con Plan program
5. Dollars listed only cover affordable units
6. Not an expenditure of funds, but an allocation of tax credit. Combined with state credit, can generate up to \$100 million for low income rental housing annually
7. Includes 10 special set-asides for special populations, but does not include units administered by the state's housing authorities. In total, more than 70,000 MA households receive Section 8 Housing Choice (tenant based) rental vouchers. In addition, the rents of tenants in more than 60,000 units of *subsidized* housing are supported by Section 8 project based rent subsidies.
Approximately 53,000 of these vouchers are administered by the state's public housing authorities.
8. Refer to DHCD website for program descriptions

Institutional Structure and Coordination

The overall institutional structure and coordination is detailed in Section 4. This One Year Plan reflects the continuing cooperative participation of the many state agencies, municipalities and non-profit housing and service providers whose efforts are essential to its success. In particular, the Department of Transitional Assistance (DTA), which administers the Emergency Shelter Grant (ESG), and the Massachusetts Department of Public Health, which administers the state Housing Opportunities for Persons with AIDS (HOPWA) funding, were instrumental in assisting the Department of Housing and Community Development in the organization and development of the One-Year Plan.

Implementation of the One Year Plan is carried out by dozens of state agencies, departments and quasi-public entities, working in concert with a network of for-profit and nonprofit service providers and developers and the 351 cities and towns of the Commonwealth of Massachusetts. Governor Romney, as a cornerstone of his administration has committed his leadership and energies to improving both the efficiency and outcomes of state government. As a result, those managing the state's housing and community development efforts will benefit from improved data collection, analysis and reporting. Agencies will manage to the specific goals and objectives; community partners, including developers, employers and municipalities will understand what those priorities are – indeed they have been, and will continue to be – instrumental in establishing them. The oversight of key objectives – the state's built and natural environments (including housing), its response to the challenges of homelessness, its responsibility to ensure that the needs of residents with long-term support requirements are met, and the economic vitality of all regions – have been elevated to the most senior levels of government. These changes have been implemented in less than two years.

Initiatives to Overcome Gaps in the Delivery System

During the citizen participation process, the public participants underscored that the current institutional structure for carrying out the state's housing and community development plan is in most respects strong. In summary, they felt that state agencies make considerable effort to coordinate the activities of the myriad organizations whose efforts are essential to a successful execution of the plan. Still, opportunities to more closely integrate their policies and programs remain, so efforts at improved efficiency will continue. The management changes already implemented (and described in greater detail in Section 4) should go a long way in ameliorating some of the challenges. Still, some challenges are more fundamental than managerial:

- DHCD collaborates with many government entities and direct service providers – including local housing authorities, municipalities, community action agencies, community development corporations – to fulfill the purposes of the state's broad housing and community and economic development programs and policies, deliver services, and undertake grant-funded projects. (This is also true of service-related activities overseen by EOHHS in its management of Emergency Services Grants and of the Department of Public Health's AIDS Bureau in its management of HOPWA.) Policy development and grant management is done by the state agency, but services are delivered to their beneficiaries by private service providers and organizations. Massachusetts benefits from a large and capable group or organizations that can and do carry out a wide variety of housing and human service activities.
- DHCD must balance local and regional interests. Especially in the area of economic development, the state's emphasis is on job creation and retention, and jobs are ultimately created or retained by employers. The state supports its employers – both for-profit and nonprofit by seeking to create a favorable business environment, through a variety of financing programs, and, in the case of for-profit companies, through tax incentive programs.

Assistance that DHCD provides through components of the CDBG program (e.g., the Economic Development Fund and Section 108 financings) and the Community Development Action Grant program involve grants to communities, but the financing requirements, match requirements, pace of the projects, and financial viability of the businesses who will ultimately create the public benefits are all thoroughly examined in the application stage and closely monitored throughout the course of the project. In this manner, the state ensures that capacity constraints in smaller communities do not prevent valuable projects from moving forward.

- Massachusetts' home rule structure of governance results in different levels of local capacity and different local priorities. Outreach and information sharing with local, regional, and non-governmental entities are important for states generally, but are particularly important in Massachusetts, where there is no "mid-level" government, such as counties, to serve as a conduit or liaison between the state and its 351 municipalities. The challenge is magnified by the fact that 212 towns have fewer than 10,000 residents; 125 towns have fewer than 5000 residents. Towns of this size often cannot afford to have professional community development and planning staff. This lack of capacity presents a problem in the delivery of programs and services in these smaller communities. A long and strong tradition of local autonomy also makes it difficult to plan initiatives across the political boundaries of small Massachusetts communities.

The direct state-local relationship extends to a variety of regulatory and program areas. Local enforcement actions in many health and safety areas, for example, are determined in large part by uniform state safety codes. Also, local land use decision-making is governed by the parameters established by the state's zoning and subdivision control laws. Implementation and enforcement of state standards, however, is often in the hands of localities, and the manner in which localities interpret and use them can affect outcomes. This dynamic is especially notable in the context of residential development, as discussed in Sections 2 and 4 under "Barriers to Housing." While efforts to change certain aspects of the state-local relationship are perennial, it is unlikely that there will be major changes in the institutional structure of the Commonwealth or its municipalities in the near future.

To overcome these challenges, the state encourages regional cooperation among municipalities and the use of regional and other professional entities to facilitate the administration of programs and to overcome some of the limitations imposed by the small scale of some localities and their governments. DHCD and other state agencies will continue to provide technical assistance and training for municipal officials to increase local government capacity.

Also, DHCD will continue to improve its outreach, information dissemination, and partnerships with and among all of its constituencies. The 2005-2009 consolidated planning process typifies some of the improvements, for example, greater use of the internet for notices of grant availability, program descriptions, guidance and technical assistance, useful demographic and economic information in a user friendly format, and regulatory changes.

All administering agencies, and their service providers, have committed to improving information, data-sharing, resource availability and requirements to create a more "seamless" experience for clients who are often frustrated by the multiple agency contacts and arrangements necessary to provide services for which these individuals are qualified. This is especially important if the state is to fulfill its objectives relating to homeless and near homeless populations and to people with disabilities and/or other support needs. Agencies and providers expected to be involved in such efforts include local housing authorities, the state's Departments of Transitional Assistance, Mental Health, Mental Retardation, community action agencies, housing providers (nonprofit and for profit), and the vast network of Continuum of Care entities.

Fundamental aspects of the structure of state and local government 351 municipalities – will continue to pose challenges, which the state will seek to address through outreach, technical assistance, incentives, and cooperation. Making the best use of the institutional structure where it is strong and strengthening it where it is weak, the state will continue pursuing its housing and community development plan.

Consultation/Citizen Participation

The Consultation/Citizen Participation process for this One Year Action Plan is engrossed in the 2005 Consolidated Plan process (Detailed in **Appendix A**). As required by Annual Plan Regulation, legal notice describing the availability of the Commonwealth's Annual 2005 Action Plan Draft, its contents, and public hearing was published on February 25, 2005 in newspapers of general circulation throughout the Commonwealth. The public comment notice clearly stated the length of the 30-day public comment period that ended March 25, 2005, where the draft plan was available for review, and that comments should be sent, e-mailed or faxed to the Office of Policy Development, DHCD, 100 Cambridge Street, Suite 300, Boston, MA 02114 Attention: Elizabeth Malloy. The public comment notice also stated that public hearings were held on March 14, 2005 at the West Springfield Town Hall and on March 15 2005 at DHCD in Boston. Notices announcing the comment period and public hearings were sent to an extensive list of providers, eligible applicants, advocacy organizations, housing authorities, and local and regional entities that are or could be participants in one or more of the programs described in the plan. The One Year Action Plan Draft was mailed at the same time to 20 locations across the Commonwealth, and made available at DHCD's office in Boston. In addition the draft plan was posted on the DHCD website www.mass.gov/dhcd, and thus made available to all the citizens of the Commonwealth.

DHCD supports the fundamental principles of promoting fair housing and sustainable development, enhancing community based organizations and local government capacity, removing barriers to affordable housing production and improving the outcomes of government action. This Action Plan identifies specific activities and goals for FY 2005 based on these principles and the housing and community development needs, strategies and objectives discussed in the Consolidated Plan. These principles drive the decision making behind programmatic activities, planning and policy making of DHCD in order to meet the state's housing and community development needs and continually improve the quality, affordability and availability of housing and communities across Massachusetts.

Application for Federal Assistance

U.S. Department of Housing
and Urban Development

OMB Approval No.2501-0017 (exp. 03/31/2005)

1. Type of Submission

☒

Application

☐

Preapplication

2. Date Submitted

4/1/2005

4. HUD Application Number

3. Date and Time Received by HUD

4/1/2005 at 1:43 pm

5. Existing Grant Number

6. Applicant Identification Number

7. Applicant's Legal Name

Commonwealth of Massachusetts

8. Organizational Unit

Department of Housing and Community Development

9. Address (give city, county, State, and zip code)

A. Address: 100 Cambridge Street, Suite 300

B. City: Boston

C. County: Suffolk

D. State: MA 02114

E. Zip Code:

10. Name, title, telephone number, fax number, and e-mail of the person to be contacted on matters involving this application (including area codes)

A. Name: Sarah B. Young

B. Title: Deputy Director for Policy

C. Phone: (617) 573-1103

D. Fax: (617) 573-1120

E. E-mail: sarah.young@ocd.state.ma.us

11. Employer Identification Number (EIN) or SSN

99-9089540

12. Type of Applicant (enter appropriate letter in box)

A

A. State I. University or College

B. County J. Indian Tribe

C. Municipal K. Tribally Designated Housing Entity (TDHE)

D. Township L. Individual

E. Interstate M. Profit Organization

F. Intermunicipal N. Non-profit

G. Special District O. Public Housing Authority

H. Independent School District P. Other (Specify)

13. Type of Application

☒ New ☐ Continuation ☐ Renewal ☐ Revision

If Revision, enter appropriate letters in box(es)

☐
☐

A. Increase Amount B. Decrease Amount C. Increase Duration

D. Decrease Duration E. Other (Specify)

14. Name of Federal Agency

U.S. Department of Housing and Urban Development

15. Catalog of Federal Domestic Assistance (CFDA) Number

14 ---

Title: CDBG 14.228 ESG 14.231

Component Title: HOME 14.239 HOPWA 124.241

16. Descriptive Title of Applicant's Program

HUD Community Planning Development 2005 One Year Action Plan for the Commonwealth of Massachusetts' CDBG, HOME, ESG and HOPWA programs

17. Areas affected by Program (boroughs, cities, counties, States, Indian Reservation, etc.)

Commonwealth of Massachusetts

18a. Proposed Program start date

18b. Proposed Program end date

19a. Congressional Districts of Applicant

9th District

19b. Congressional Districts of

Program

1st-10th Districts

20. Estimated Funding: Applicant must complete the Funding Matrix on Page 2.

21. Is Application subject to review by State Executive Order 12372 Process?

A. Yes ☐ This preapplication/application was made available to the State Executive Order 12372 Process for review on: Date _____

B. No ☒ Program is not covered by E.O. 12372

☐ Program has not been selected by State for review.

22. Is the Applicant delinquent on any Federal debt? ☒ No

☐ Yes If "Yes," explain below or attach an explanation.

Funding Matrix

The applicant must provide the funding matrix shown below, listing each program for which HUD funding is being requested, and complete the certifications.

Grant Program*	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income	Total
CDBG	\$38,578,167								\$38,578,167
ESG	\$2,534,851								\$2,534,851
HOME	\$16,258,655								\$16,258,655
HOPWA	\$178,000								\$178,000
Grand Totals	\$57,549,673								

* For FHIPs, show both initiative and component

Certifications

I certify, to the best of my knowledge and belief, that no Federal appropriated funds have been paid, or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with the awarding of this Federal grant or its extension, renewal, amendment or modification. If funds other than Federal appropriated funds have or will be paid for influencing or attempting to influence the persons listed above, I shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying. I certify that I shall require all sub awards at all tiers (including sub-grants and contracts) to similarly certify and disclose accordingly.

Federally recognized Indian Tribes and tribally designated housing entities (TDHEs) established by Federally-recognized Indian tribes as a result of the exercise of the tribe's sovereign power are excluded from coverage of the Byrd Amendment, but State-recognized Indian tribes and TDHEs established under State law are not excluded from the statute's coverage.

This application incorporates the Assurances and Certifications (HUD-424B) attached to this application or renews and incorporates for the funding you are seeking the Assurances and Certifications currently on file with HUD. To the best of my knowledge and belief, all information in this application is true and correct and constitutes material representation of fact upon which HUD may rely in awarding the agreement.

23. Signature of Authorized Official

Name (printed)

Jane Wallis Gumble

Title

Director, Department of Housing and Community Development

Date (mm/dd/yyyy)

3/31/05

form HUD-424 (01/2003)

ref. OMB Circular A-102